

5-10-2018

Special Meeting of the Subcommittee on Audit – Packet 05/10/2018

UC Hastings Board of Directors



HASTINGS
COLLEGE
OF THE LAW

**SPECIAL MEETING OF THE
AUDIT SUBCOMMITTEE**

May 10, 2018



NOTICE OF SPECIAL MEETING

The Finance Committee and the Subcommittee on Audit of the University of California Hastings College of the Law Board of Directors will hold a Joint Meeting on Thursday, May 10, 2018, to review the draft Audit Report.

EVENT: Special Meeting of the University of California
UC Hastings College of the Law Board of Directors
Subcommittee on Audit

DATE: Thursday, May 10, 2018

PLACE: UC Hastings College of the Law
A. Frank Bray Board Room
198 McAllister Street, 1-Mezzanine
San Francisco, CA 94102

STARTING TIME: 10:15 a.m.

AGENDA: See Attached

This notice is available at the following University of California, Hastings College of the Law website address: <http://www.uchastings.edu/board>

For further information please contact Elise Traynum, Secretary of the Board of Directors, 198 McAllister Street, San Francisco, CA 94102, (415) 565-4851. You are encouraged to inform Ms. Traynum of your intent to speak during the public comment period 72 hours in advance of the meeting.

The University of California, Hastings College of the Law subscribes to the Americans with Disabilities Act. Please contact the Secretary's Office by 10 a.m. on Monday, May 7, 2018, for accommodations.



**UNIVERSITY OF CALIFORNIA
HASTINGS COLLEGE OF THE LAW**

**SPECIAL MEETING OF THE
AUDIT SUBCOMMITTEE**

OPEN SESSION AGENDA

Thursday, May 10, 2018 – 10:15 a.m.
UC Hastings College of the Law
A. Frank Bray Conference Room
198 McAllister Street, 1-Mezzanine
San Francisco, CA 94102

1. Roll Call:

Subcommittee on Audit:

Chair Tina Combs
Director Don Bradley

2. Public Comment (Oral)

*3. Approval of Minutes – October 17, 2017 (Written)

4. Subcommittee on Audit Meeting

*4.1 Audit Plan for 2018 (Written)

4.2 GASB 75 – Post Employment Retirement Benefits – Overview (Written)

*4.2 Adjournment to Closed Executive Session Pursuant to Education Code
§92032(b)(7) Discussion of Management Performance as Related
To the Operations of College (Oral)

*5. Adjournment (Oral)

Agenda Item: 2
Audit Subcommittee
May 10, 2018

SPECIAL MEETING OF THE AUDIT SUBCOMMITTEE

Public Comment Period

This item is reserved for members of the public to comment on non-agenda and agenda items.

Agenda Item: *3
Audit Subcommittee
May 10, 2018

SPECIAL MEETING OF THE AUDIT SUBCOMMITTEE

ACTION ITEM: Approval of Minutes: October 17, 2017



**UNIVERSITY OF CALIFORNIA
HASTINGS COLLEGE OF THE LAW**

**SPECIAL MEETING OF THE FINANCE COMMITTEE AND
SUBCOMMITTEE ON AUDIT**

MEETING MINUTES

OCTOBER 17, 2017

1. Roll Call

Chair Tom Gede called the meeting to order at 3:00 p.m. and the Secretary called the roll.

Directors Present:

Chair Thomas Gede
Vice Chair Chip Robertson
Director Donald Bradley
Director Marci Dracun
Director Claes Lewenhaupt
Director Courtney Power

Directors Absent:

Director Tina Combs

Staff Present:

Chancellor & Dean David Faigman
Chief Financial Officer David Seward
General Counsel Elise Traynum
Controller Debbie Tran

Others Present:

Mary Case, Auditor, Moss Adams, LLP
Kinman Tong, Moss Adams, LLP
Robert Gamble, Public Financial Management

2. Public Comment Period

(Oral)

Chair Thomas Gede opened the Public Comment period. Hearing no requests from the public to speak, Chair Gede closed the Public Comment period.

***3. Approval of Minutes – April 27, 2017**

(Oral)

Chair Gede called for the approval of the April 27, 2017 minutes. The minutes were approved as distributed.

4. Finance Committee and Subcommittee on Audit Meeting

***4.1 Review of Draft 2017 Audit Report and Required Communications** (Written)

Presented by Chief Financial Officer David Seward

Upon motion duly made, seconded, and carried, the Finance Committee and the Subcommittee on Audit recommended that the Board of Directors accept the Report of Independent Auditors and Financial Statements and Required Communications for the fiscal year ending on June 30, 2017.

4.2 Adjournment to Closed Executive Session Pursuant to Education Code Section 92032(b)(7).

(Oral)

The meeting adjourned to Closed Session.

5. Approval of Preliminary Official Statement, Indenture and Other Actions for the Hastings Series 2018 Bonds

(Written)

Presented by Chief Financial Officer David Seward

Chief Financial Officer David Seward reported that the College is in the process of finalizing a package for the refinancing of the series 2018 bonds. Next, Mr. Seward introduced Robert Gamble of Public Financial Management and explained that the firm has supported the College's debt issuance since 2003.

Robert Gamble provided an overview of the financing, outlook, market reception, underwriting, and the placement technique for the College. Mr. Gamble explained that the College's bonds are callable in 2018, however they should not be called too far in advance of the refunding date, as a long escrow period would be disadvantageous. Mr. Gamble noted that the rating process will again involve a formal rating presentation to Moody's, however he expects that the rating will remain stable. Given the rating situation, Mr. Gamble recommended that the College work with an underwriter early in the process rather than just taking its bonds to market on a competitive basis. Mr. Gamble clarified that after the College hires an underwriter, his role as a fiduciary advisor is to negotiate with the selected underwriter to maximize the benefit to the College from the sale of the bonds.

Continuing his report, Mr. Gamble explained that as current market conditions remain, the College will save approximately 10% of the net present value cost of the bonds in their remaining life of approximately 20 years. Mr. Gamble expects the true interest cost — or the measure of the interest paid on the bonds plus the transaction costs — to be about 3.3%. According to Mr. Gamble, the typical standard is 3%, which makes this a positive outlook.

Mr. Gamble said that he will continue to work with the underwriter on alternative structures for the savings of the bonds. Mr. Gamble speculated that one of three scenarios may evolve: (1) a level saving scenario where savings is reducing the debt service cost over the remaining 20 years of the bonds; (2) pushing the savings upfront into the first five years of the remaining life of the bonds, to create roughly \$2 million of savings over the next five years; and (3) savings slopes up, by up-fronting some of the savings, but allowing the savings to decline over time, to have an upward sloping debt service schedule. Mr. Gamble said that the decision about frontloading or choice would have to be made about two weeks before the sale.

Mr. Gamble explained that the selected underwriter, Stifle's, proposal would provide for a compensation of about \$7.50 per \$1,000.00 of the bond. CFO Seward noted that if their forecasts of yields are on target, that would be an annual budgetary savings of about \$150,000.00 a year.

Upon motion duly made, seconded, and carried, the Finance Committee and the Subcommittee on Audit recommended that the Board of Directors approve the Preliminary Official Statement, Indenture and Other Actions for the Hastings Series 2018 Bonds.

***6. Approval of Long Range Campus Plan: Five-Year Infrastructure Report**

(Written)

Presented by Chief Financial Officer David Seward

Mr. Seward began by saying that since 1999, the California Infrastructure Planning Act has required the Governor to submit to the legislature a five-year infrastructure plan for consideration with the annual budget bill. The College's Five-Year Infrastructure Plan (2018-2023) was included in the meeting materials. Mr. Seward explained that this document is to be updated annually for the Department of Finance as a precondition to the receipt of state funding for capital programs. Mr. Seward reported that he is still updating the document and continues to communicate his questions and concerns to Sacramento, however this has been a gradual process.

The Joint Finance Committee and Subcommittee on Audit did not vote to recommend that the Board of Directors approve the submittal of the Long Range Campus Plan: Five-Year Infrastructure Report 2018-2023 to the Department of Finance. Finance Chair Donald Bradley agreed that the agenda item should be revisited at the Special Meeting on October 24, 2017.

7. Contracts in Excess of \$50,000:

***7.1 Construction Service – Roebuck Construction – Kane Hall Infrastructure**

(Written)

Presented by Chief Financial Officer David Seward

Mr. Seward reported that a formal bidding process was held in August 2017, where two bidders attended. Mr. Seward requested contract authority to enter an agreement with Roebuck Construction for an amount of \$2.1 million for work related to the state deferred maintenance package. The state-funded scope of the work includes:

- replacement of the roof surface

- the emergency generator relocation and modernization
- façade access improvements.

Mr. Seward explained that the College added items to the scope of work to address LRCP objectives of environmental sustainability by 2025. Specifically, the scope of work was expanded to add electrical infrastructure to support the installation of photovoltaics on the roof surface and the infrastructure to support a green wall on the west elevation of the machine room roof to complement the 333 Golden Gate Avenue project. Mr. Seward reported that the State of California has provided \$2 million for the project, while the College will fund the balance.

Upon motion duly made, seconded, and carried, the Finance Committee and the Subcommittee on Audit recommended that the Board of Directors authorize a contract award to Roebuck Construction.

***7.2 Professional Services – Hastings Series 2018 Bonds – Underwriting** (Written)
Presented by Chief Financial Officer David Seward

Mr. Seward reported that a Request for Proposal (RFP) was issued to six firms to solicit their interest in serving as underwriters for the Hastings Series 2018 bond issuance.

Mr. Seward noted that the scope of services required by an underwriter includes, but is not limited to:

- Coordinating with the College and members of its financing team;
- Reviewing and assisting in preparation of documents and presentations to stakeholders, including investors and any rating agencies;
- Analyzing and assisting in making recommendations relating to various financing options so as to ensure maximum savings; enhance the marketability of the Bonds; achieve the widest competition for bond purchases to include retail, institutional, and other investor classes; and achieve optimal leverage of the College's resources, while maintaining a prudent level of risk, through debt obligations;
- Providing advice regarding structuring and sizing of transactions;
- Providing continuing updates and advice on the impact of current or proposed state or federal legislation and market conditions that could affect the financial plans of the College.
- Committing to underwrite the bonds;
- Making available real time access to, and report on, bond orders, and
- Achieving the lowest possible cost of borrowing

Mr. Seward noted that the College's RFP received three responses, which are included in the meeting materials. Mr. Seward explained that the responses were analyzed by the College's financial advisors, Public Financial Management, and staff who jointly concluded that the Stifel proposal presented the best approach and highest value to the College. Mr. Seward pointed to a copy of the analysis on page 258 of the provided materials that led to the selection of Stifel.

Mr. Seward explained that Stifel quotes \$7.42 per \$1,000.00, or three-quarters of one percent, in their underwriter fee, and he noted that if he could not get Stifle to lower the fee, the agreement would be changed to a cost 'Not to exceed \$153,000.'

Upon motion duly made, seconded, and carried, the Finance Committee and the Subcommittee on Audit recommended that the Board of Directors award the underwriting services agreement to Stifel Investment Banking.

***8. Nonstate 2017-18 Budget Change– Kane Hall Infrastructure Project (Written)**
Presented by Chief Financial Officer David Seward

Mr. Seward requested authority to amend the 2017-18 budget in order to provide the funding necessary for the Kane Hall Infrastructure Project, as outlined in *7.1 above. Mr. Seward explained that the requested adjustment of \$378,000 will supplement \$1,980,000 in state deferred maintenance allocations. Mr. Seward said the total project budget includes the general contractor's costs, project management costs, and construction administration costs. Mr. Seward noted that the funding for this purpose would be allocated from the Hastings-Digardi-Hall account.

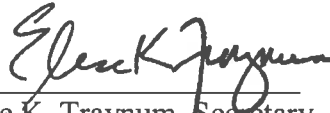
Upon motion duly made, seconded, and carried, the Finance Committee and the Subcommittee on Audit recommended that the Board of Directors approve the nonstate 2017-2018 budget adjustment of \$378,000 to supplement \$1,980,000 in state deferred maintenance allocations to fully fund the Kane Hall Infrastructure Project.

Finance Chair Don Bradley adjourned the Open Session and reconvened the Closed Session.

***9. Adjournment** (Oral)

The meeting was adjourned at approximately 4:30 p.m.

Respectfully submitted,


Elise K. Traynum, Secretary

ACTION ITEM

1. **REPORT BY:** Controller Debbie Tran
2. **SUBJECT:** Audit Plan for 2018

3. **RECOMMENDATIONS:**

That the Subcommittee on Audit of the Finance Committee recommend to the Finance Committee approval of the 2018 Audit Entrance and Statement of Work.

4. **BACKGROUND:**

The 2018 Audit Entrance describing the annual financial and internal control review is attached as is the Statement of Work which functions as the engagement letter.

5. **PROPOSED RESOLUTION:**

Resolved that the Subcommittee on Audit recommends that the Finance Committee approve the Statement of Work commencing the audit of the financial statements.



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Suite 900
San Francisco, CA 94105

STATEMENT OF WORK

This Statement of Work (“SOW”) is between UC HASTINGS College of Law (“UC HASTINGS”) and Moss Adams LLP (“Consultant”). This SOW is being entered into under the *Agreement By and Between University of California Hastings College of Law (UC HASTINGS) and Moss Adams LLP* entered into on February 26, 2016 (referred to in this SOW as the “Agreement”). Capitalized terms not otherwise defined herein have the meanings defined for them in the Agreement.

Scope of Services – Audit

Consultant will audit UC HASTINGS’ financial statements, which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. Consultant will also report on whether the schedule of expenditures of federal awards, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (“RSI”), such as management’s discussion and analysis, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of this engagement, Consultant will apply certain limited procedures to UC HASTINGS’ RSI in accordance with auditing standards generally accepted in the United States of America. Consultant will not express an opinion or provide assurance on the information because the limited procedures do not provide Consultant with sufficient evidence to express an opinion or provide assurance. The following RSI will be subjected to certain limited procedures, but will not be audited:

1. Management’s discussion and analysis
2. Schedule of net pension liability

Timing

Mary Case is responsible for supervising the engagement and authorizing the signing of Consultant’s audit report. Consultant expects to begin its audit on approximately May 2018, complete fieldwork on approximately September 2018, and issue its report no later than October 2018. As Consultant reaches the conclusion of the audit, Consultant will coordinate with UC HASTINGS the date the audited financial statements will be available for issuance. UC HASTINGS understands that (1) UC HASTINGS will be required to consider subsequent events through the date the financial statements are available for issuance, (2) UC HASTINGS will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

This scheduling depends on UC HASTINGS’ completion of the year-end closing and adjusting process prior to Consultant’s arrival to begin the fieldwork. Consultant may experience delays in completing its services due to UC HASTINGS’ staff unavailability or delays in UC HASTINGS’ closing and adjusting process. Consultant’s fees are subject to adjustment if Consultant experiences these delays in completing the services.



Mary's contact information:

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 Partner, Moss Adams LLP
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 415.677.8321 Direct
 415.677.1500 Office

Fees

Fees for the services set forth in this SOW are estimated to be \$134,000. UC HASTINGS will not be billed for expenses unless an unusual circumstance arises and the expense is discussed and approved by UC Hastings in advance of billing.

Consultant's ability to provide services in accordance with these estimated fees depends on the quality, timeliness and accuracy of UC HASTINGS' records, and, for example, the number of general ledger adjustments required as a result of the work. To assist UC HASTINGS in this process, Consultant will provide UC HASTINGS with a preliminary Client Audit Preparation Schedule at least four weeks in advance of the fieldwork for both the Single and Financial Statement audits, with specifics for the UCH Foundation if applicable, that identifies the key work UC HASTINGS will need to perform in preparation for the audit. Consultant will also need UC HASTINGS' accounting staff to be readily available during the engagement to respond in a timely manner to requests. Lack of preparation, poor records, general ledger adjustments and/or untimely assistance may result in an increase of fees, as set forth in the Agreement. Consultant will provide UC HASTINGS with a tentative schedule of the fieldwork and key audit areas to ensure the staff is readily available.

Reporting

Consultant will issue a written report upon completion of its audit of UC HASTINGS' financial statements. The report will be addressed to the Board of Directors of UC HASTINGS. Consultant cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for Consultant to modify its opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Consultant's services under this SOW will be concluded upon delivery to UC HASTINGS of Consultant's report on UC HASTINGS' financial statements for the year ending June 30, 2018.

At the conclusion of the engagement, Consultant will complete the auditor section of the Data Collection Form and electronically sign the Data Collection Form that summarizes its findings. Consultant will provide electronic copies of it reports to UC HASTINGS; however, it is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan, as applicable) along with the Data Collection Form to the Federal Audit Clearinghouse. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period. At the conclusion of the engagement, Consultant will make arrangements with management regarding Data Collection Form submission procedures.



Objectives of the Audit

The objective of the audit is the expression of an opinion on the financial statements and supplementary information. The objective also includes reporting on the following:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*.
- Internal control related to major federal programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the audit requirements contained in OMB Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The reports on internal control and compliance will each include a statement that the purpose of the report is solely to: describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance; describe the scope of testing internal control over compliance for major federal programs and major federal program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance; that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance and the OMB Uniform Guidance in considering internal control over compliance and major federal program compliance; and, accordingly, it is not suitable for any other purpose.

Consultant will conduct its audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the audit provisions of the OMB Uniform Guidance. It will include tests of UC HASTINGS' accounting records, a determination of major program(s) in accordance with the OMB Uniform Guidance, and other procedures Consultant considers necessary to enable Consultant to express opinions and to render the required reports. If Consultant's opinion on the financial statements or the Single Audit compliance opinion is other than unmodified, Consultant will discuss the reasons with UC HASTINGS in advance. If, for any reason, Consultant is unable to complete the audit or are unable to form or have not formed an opinion Consultant may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Consultant's procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and transaction details by correspondence with selected individuals, funding sources, creditors, and financial institutions. Consultant may also request written representations from UC HASTINGS' attorneys as part of the engagement, and they may bill UC HASTINGS for responding to this inquiry. The supplementary information will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. At the conclusion of the audit, Consultant will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude Consultant from issuing its report.



An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, the audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, Consultant will plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. Such material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Pursuant to *Government Auditing Standards*, Consultant will not provide reasonable assurance of detecting abuse. As required by the Single Audit Act Amendments of 1996 and the audit provisions of the OMB Uniform Guidance, the audit will include tests of transactions related to major federal award programs for compliance with applicable federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards*, and the OMB Uniform Guidance. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that do not have a direct and material effect on the financial statements or noncompliance with the provisions of federal statutes, regulations, and the terms and condition of federal awards that do not have a direct and material effect on major federal programs. However, Consultant will inform UC HASTINGS of any material errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, federal statutes, regulations, contracts grant agreements and federal awards that come to Consultant's attention, unless clearly inconsequential. Consultant will include such matters in the reports required for a Single Audit. Consultant's responsibility as auditor is limited to the period covered by the audit and does not extend to any time period for which Consultant is not engaged as auditor.

Consultant may assist management in the preparation of UC HASTINGS' financial statements and supplementary information. Regardless of any assistance Consultant may render, all information included in the financial statements and supplementary information remains the representation of management. Consultant may issue a preliminary draft of the financial statements and supplementary information to UC HASTINGS for its review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced or otherwise distributed without the written permission of Consultant.

Consultant understands UC Hastings maintains certain assets, including investments, reported in its financial statements, with the University of California Office of the Treasurer.

Procedures and Limitations—Internal Control

In planning and performing the audit, Consultant will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing its opinions on UC HASTINGS' financial statements and on its compliance with requirements applicable to major federal programs.

Consultant will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and Consultant will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that Consultant considers relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with the provisions of laws, regulations, contract and grant agreements and other noncompliance matters that have a direct and material effect on the financial statements.



An audit is not designed to provide assurance on internal control or to identify deficiencies in the design or operation of internal control and accordingly, no opinion will be expressed in the report on internal control issued pursuant to *Government Auditing Standards*. However, if, during the audit, Consultant becomes aware of any matters involving internal control or its operation that Consultant considers to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, Consultant will communicate them in writing to management and those charged with governance. Consultant will also identify if Consultant considers any significant deficiency, or combination of significant deficiencies, to be a material weakness.

As required by the audit provisions of the OMB Uniform Guidance, Consultant will perform tests of controls to evaluate the effectiveness of the design and operation of controls that Consultant considers relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, Consultant's tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in the report on internal control issued pursuant to the OMB Uniform Guidance.

Procedures and Limitations—Compliance

The audit will be conducted in accordance with the standards referred to in the section titled "Objectives of the Audit." As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, Consultant will perform tests of UC HASTINGS' compliance with the provisions of laws, regulations, contracts, and grant agreements that may have a direct and material effect on the financial statements. However, the objective of those procedures will not be to provide an opinion on overall compliance and Consultant will not express such an opinion in its report on compliance issued pursuant to *Government Auditing Standards*.

The audit provisions of the OMB Uniform Guidance require that Consultant also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major federal program. Consultant's procedures will consist of the applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of UC HASTINGS' major federal programs. The purpose of those procedures will be to express an opinion on UC HASTINGS' compliance with requirements applicable to each of its major federal programs in Consultant's report on compliance issued pursuant to the OMB Uniform Guidance.

Management's Responsibility for Financial Statements, Internal Control, and Federal Award Compliance

As a condition of the engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Consultant may advise management about appropriate accounting principles and their application and may assist in the preparation of UC HASTINGS' financial statements, including the schedule of expenditures of federal awards, but management remains responsible for the financial statements and the schedule of expenditures of federal awards. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets.

UC HASTINGS is responsible for informing Consultant about all known or suspected fraud affecting UC HASTINGS involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. UC HASTINGS is responsible for informing Consultant of knowledge of any allegations of fraud or suspected fraud affecting UC HASTINGS received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for



identifying and ensuring that UC HASTINGS complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud or noncompliance with the provisions of laws, regulations, contract, and grant agreements, that Consultant may report.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to Consultant in the management representation letter that the effects of any uncorrected misstatements aggregated by Consultant during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Management is responsible for establishing and maintaining internal control and for compliance with federal statutes, regulations, and the terms and conditions of federal awards and for identifying and ensuring that UC HASTINGS complies with such provisions. Management is also responsible for informing Consultant of any significant contractor relationships in which the contractor is responsible for program compliance. Management is also responsible for addressing the audit findings and recommendations, establishing and maintaining a process to track the status of such findings and recommendations, and taking timely and appropriate steps to remedy any fraud and noncompliance with federal statutes, regulations, and the terms and conditions of federal awards or abuse that Consultant may report. Additionally, as required by the OMB Uniform Guidance, it is UC HASTINGS' responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for making all financial records and related information available to Consultant and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement management will provide Consultant with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
- additional information that Consultant may request from management for the purpose of the audit; and
- unrestricted access to persons within the University from whom Consultant determines it necessary to obtain audit evidence.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that Consultant has reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this SOW, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on UC HASTINGS' Web site may be considered readily available, but being available upon request is not considered readily available.

Dissemination of Financial Statements and Reports

Consultant will provide copies of its reports to UC HASTINGS; however, management is responsible for distribution of the reports and the financial statements. Consultant's report on the financial statements must be associated only with the financial statements that were the subject of this engagement. UC HASTINGS may make copies of the report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with the report. UC HASTINGS agree not to reproduce or associate



Consultant's report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This SOW does not contemplate Consultant providing any services in connection with the offering of securities, whether registered or exempt from registration, and Consultant will charge additional fees to provide any such services. UC HASTINGS agrees not to incorporate or reference Consultant's report in a private placement or other offering of UC HASTINGS' equity or debt securities without Consultant's express written permission. UC HASTINGS further agrees the Consultant is under no obligation to reissue its report or provide written permission for the use of its report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. Consultant will determine, at its sole discretion, whether Consultant will reissue its report or provide written permission for the use of its report only after Consultant has conducted any procedures Consultant deems necessary in the circumstances. UC HASTINGS agrees to provide Consultant with adequate time to review documents where (a) Consultant's report is requested to be reissued, (b) Consultant's report is included in the offering document or referred to therein, or (c) reference to Consultant is expected to be made. If Consultant decides to reissue its report or provide written permission to the use of its report, UC HASTINGS agrees that Consultant will be included on each distribution of draft offering materials and Consultant will receive a complete set of final documents. If Consultant decides not to reissue its report or withhold its written permission to use its report, UC HASTINGS may be required to engage another firm to audit periods covered by Consultant's audit reports, and that firm will likely bill UC HASTINGS for its services. While the successor auditor may request access to Consultant's engagement documentation for those periods, Consultant is under no obligation to permit such access.

Representations of Management

During the course of the engagement, Consultant may request information and explanations from management regarding, among other matters, UC HASTINGS' operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of the engagement, Consultant will require, as a precondition to the issuance of its report, that management provide Consultant with a written representation letter confirming some or all of the representations made during the engagement. The procedures that Consultant will perform in the engagement will be heavily influenced by the representations that Consultant receives from management. Accordingly, false representations could cause Consultant to expend unnecessary efforts or could cause a material error or fraud to go undetected by its procedures. In view of the foregoing, Consultant will not be responsible for any misstatements in UC HASTINGS' financial statements and supplementary information that Consultant fails to detect as a result of false or misleading representations, whether oral or written, that are made to Consultant by UC HASTINGS' management. While Consultant may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.



ACCEPTED AND AGREED:

This SOW and the Agreement set forth the entire understanding of UC HASTINGS College of the Law and Moss Adams LLP with respect to this engagement and the services to be provided by Moss Adams LLP:

UC HASTINGS COLLEGE OF LAW

Signature: _____

Print Name: TINA COMBS

Title: CHAIR - AUDIT SUBCOMMITTEE

Date: _____

MOSS ADAMS LLP

Signature: Mary Case _____

Print Name: MARY CASE

Title: PARTNER

Date: February 12, 2018

**MOSS ADAMS****ACCEPTED AND AGREED:**

This SOW and the Agreement set forth the entire understanding of UC HASTINGS College of the Law and Moss Adams LLP with respect to this engagement and the services to be provided by Moss Adams LLP.

UC HASTINGS COLLEGE OF LAW

Signature: *Tina Combs*

Print Name: **TINA COMBS**

Title: **CHAIR - AUDIT SUBCOMMITTEE**

Date: *April 24, 2018*

MOSS ADAMS LLP

Signature: *Mary Case*

Print Name: **MARY CASE**

Title: **PARTNER**

Date: **February 12, 2018**



MOSSADAMS

Audit Entrance

Better Together: Moss Adams & UC Hastings College of the Law



Audit Committee

UC Hastings College of the Law

Dear Audit Committee Members:

Thank you for your continued engagement of Moss Adams LLP, the provider of choice for higher-education institutions. We're pleased to present our audit plan for UC Hastings College of the Law ("UC Hastings") for the year ending June 30, 2018. We'd also like to discuss current-year developments and accounting and auditing standard changes that will affect our audit.

We welcome any questions or input you may have regarding our audit plan, and we look forward to working with you.

Your Moss Adams Dedicated Leadership Team



Mary Case, CPA
Engagement Partner



Kinman Tong, CPA
Engagement Senior
Manager



Jim Lanzarotta, CPA
QC Technical Reviewer

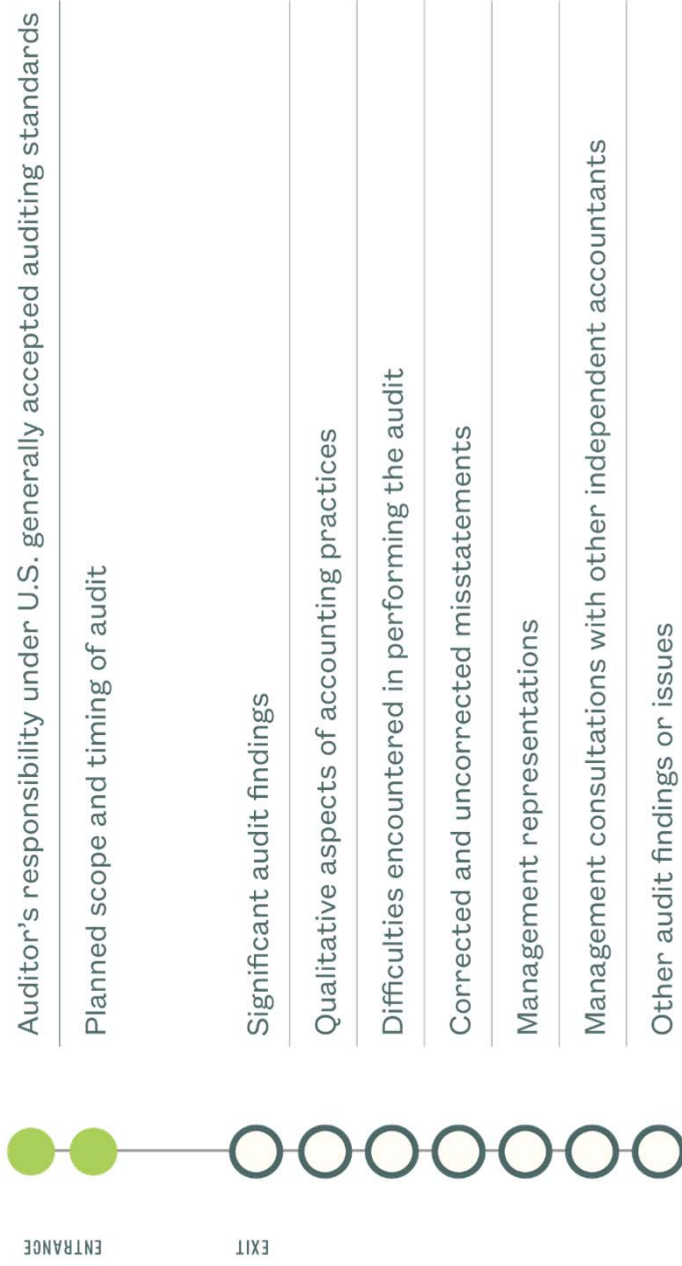


Angelica Felix, CPA
Financial Statement
Audit Manager



Gordon Lam, CPA
Federal Compliance
Audit Manager

Required Communications with Those Charged with Governance



Communicate findings that are relevant to your responsibilities in overseeing the specific matters of financial reporting process.



Audit Process



Internal Controls

- Includes walkthroughs and testing of key controls over significant accounting cycles.



Analytical Procedures

- Revenue and expenses
- Trends, comparisons, and expectations



Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Representations from attorneys and management
- Examine objective evidence

What's Materiality?

It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.









It's calculated using certain **quantitative** (total assets) and **qualitative** factors (covenants, expectations, or industry factors)

It identifies:

- 1 Significant risk areas
- 2 Nature, timing, extent, and scope of test work
- 3 Findings or misstatements



Significant Audit Areas

	Internal controls over key accounting cycles, including IT controls
	Valuation of investments and related financial statement disclosures
	Actuarial determination of pension liability and related disclosures
	Actuarial determination of OPEB liability and related disclosures – including implementation of GASB No. 75
	Financial closing and reporting process
	Federal compliance in accordance with the Uniform Guidance



Report of Independent Auditors

To the Board of Trustees
University of California Hastings College of the Law

Report on the Financial Statements

We have audited the accompanying financial statements of University of California Hastings College of the Law (the "College" and "UC Hastings") and its discretely presented component unit, The UC Hastings Foundation (the "Foundation"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Consideration of Fraud

To identify fraud-related risks of material misstatement, we:

- Brainstorm with team
- Conduct personnel interviews
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

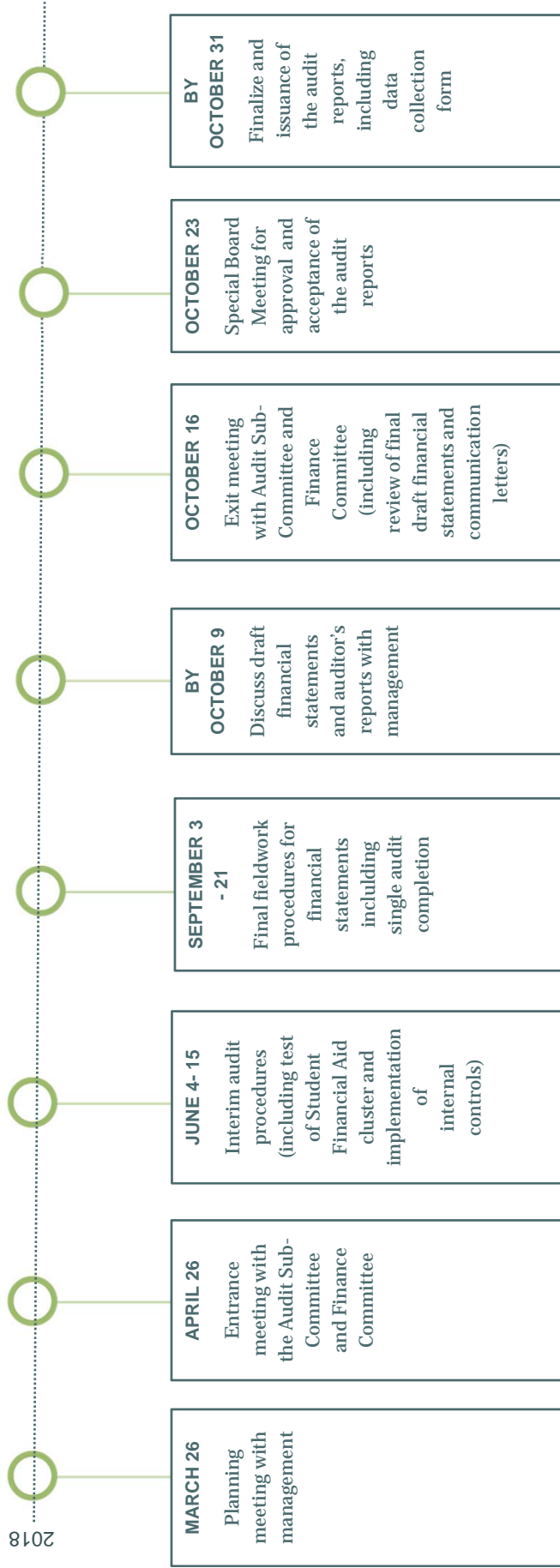


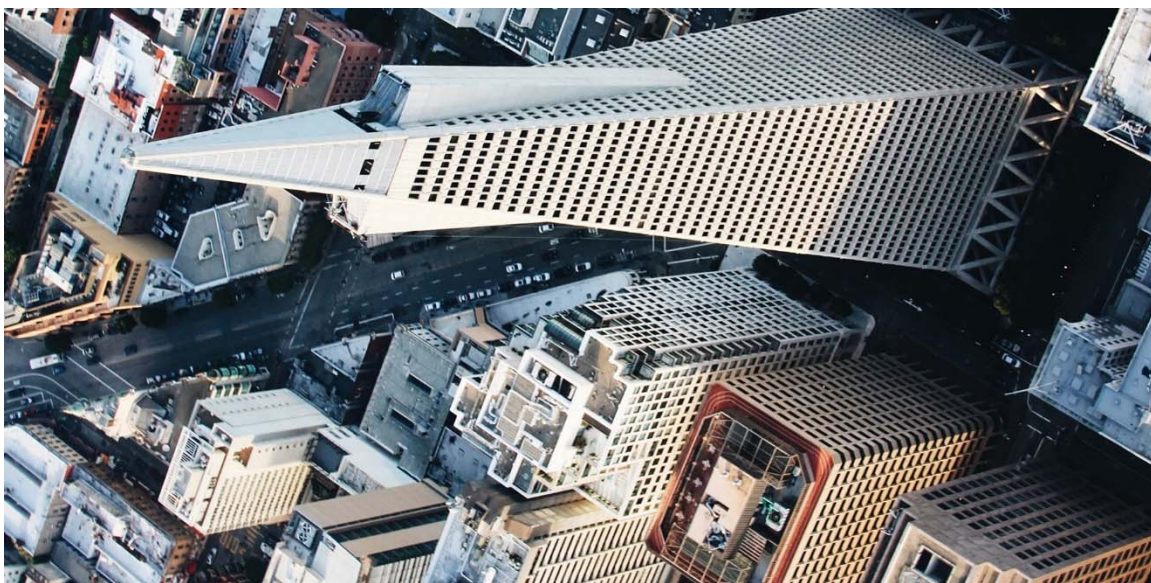
Auditors must consider fraud to “improve the likelihood that auditors will detect material misstatements due to fraud in a financial statement audit.”

Procedures we perform:

- Examine general journal entries for nonstandard transactions
- Evaluate policies and accounting for revenue recognition
- Test and analyze significant accounting estimates for biases
- Evaluate rationale for significant unusual transactions

Audit Timing





Accounting Standards Updates

New Standards

GASB No. 75 | Accounting & Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)

- Effectively replaces GASB No. 45.
- Reporting essentially the same as pensions under GASB No. 68. Significant note disclosure and required supplementary information.
- Effective for OPEB plan employers for annual periods beginning after June 15, 2017.

New Standards

GASB No. 81 | Irrevocable Split-Interest Agreements

- Requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.
- Requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests.
- Requires that a government recognize revenue when the resources become applicable to the reporting period.
- Effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged.

New Standards

GASB No. 83 | Certain Asset Retirement Obligations

- Establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, and requires the following:
 - Recognition occur when the liability is both incurred and reasonably estimable.
 - Measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred.
 - A deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.
 - The current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually.
 - Disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets
- Effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

New Standards

GASB No. 84 | Fiduciary Activities

Clarifies fiduciary activities as having the following characteristics:

1. Government controls the assets of the activity.
 2. Those assets are not derived solely from the government's own source revenue.
 3. One of the following:
 - The assets result from a pass-through grant or trust agreement.
 - Assets are used to benefit individuals not typical recipients of the government's goods and services (i.e. employees receive the benefit instead of patients.)
 - Assets are to be used to benefit other organizations or governments.
- Would require stand alone business-type entities (i.e. hospitals) with pension and OPEB trusts or patient custodial accounts to report separate fiduciary fund financial statements within the financial statements.
 - Effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

New Standards

GASB No. 85 | Omnibus 2017

- This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).
- This Statement addresses the following topics (and others):
 1. Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
 2. Reporting amounts previously reported as goodwill and “negative” goodwill
 3. Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
 4. Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Effective for reporting periods beginning after December 15, 2017. Earlier application is encouraged.

New Standards

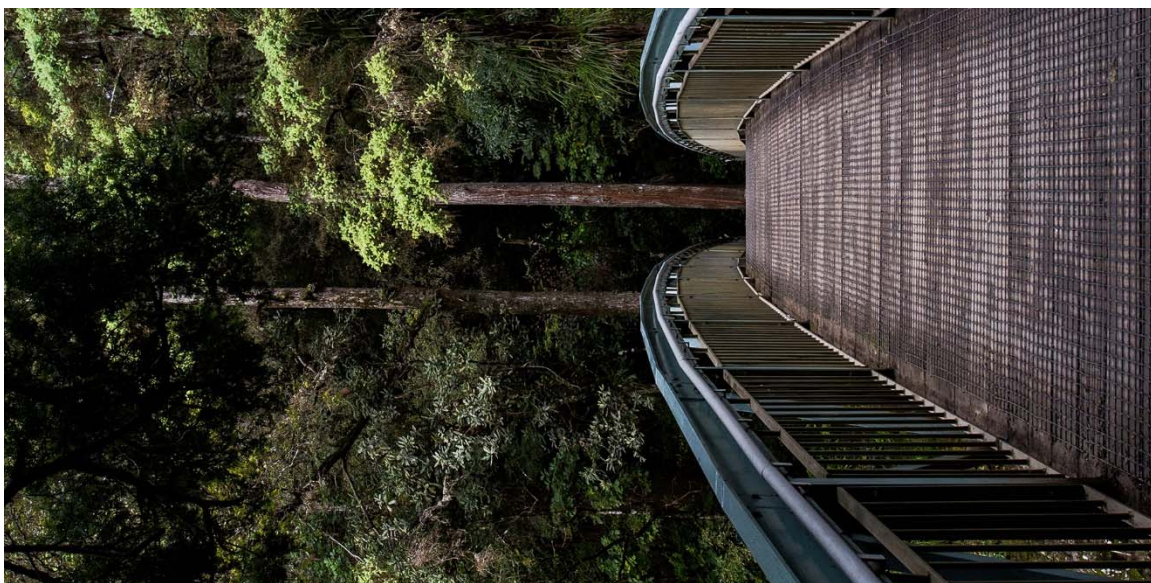
GASB No. 86 | Certain Debt Extinguishment Issues

- The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt.
- This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- Effective for reporting periods beginning after December 15, 2017. Earlier application is encouraged.

New Standards

GASB No. 87 | Leases

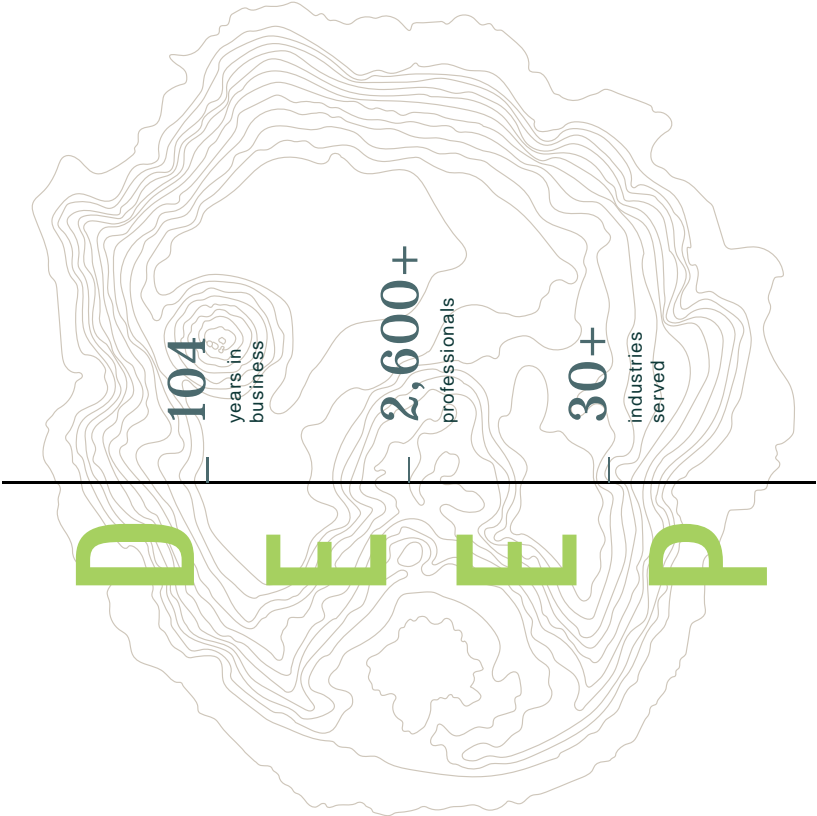
- Would treat all leases as financings (no classification of capital v. operating) similar to FASB ASU No. 2016-02.
- Includes non-cancellable period + periods covered by options to renew if reasonably certain to be exercised.
- Lessee would record an intangible asset (amortized over the shorter of its useful life or lease term) and present value of future lease payments as a liability.
- Lessor would record a lease receivable and deferred inflow of resources for cash received up front + future payments (revenue recognized over lease term in a systematic and rational basis).
- Effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.



About Moss Adams

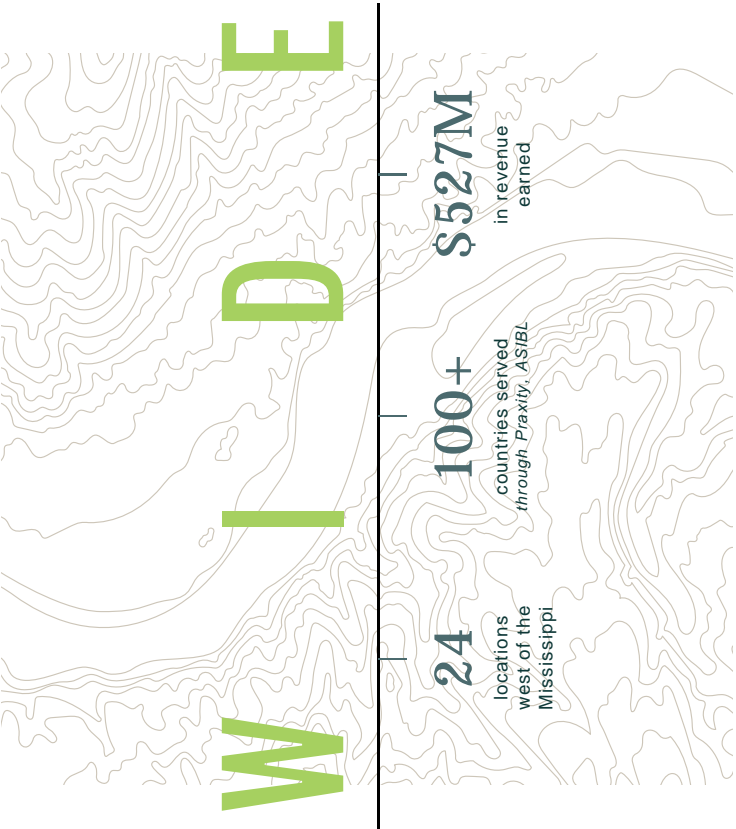


Expertise



Crater Lake—
A monument to perseverance, North America's deepest lake filled to 1,949 feet over 720 years.

Reach



Grand Canyon—
At 277 miles long and up to 18 miles wide, this icon serves as a testament to determination and time.

Our Services for Institutions of Higher Education

ASSURANCE

- Agreed-upon procedures
- Audits and reviews
- Federal awards audits
- Compliance examinations pursuant to federal reporting requirements
- Employee benefit plan services
- Written acknowledgments and agreed-upon procedure engagements in connection with tax-exempt bond offerings

CONSULTING

- Endowment management and investment consulting
- Fraud investigation and forensic accounting
- IT consulting
- Strategic business planning
- Sustainability services
- Systems Control & Operations Risk Evaluation (SCORE!)
- Wealth services

TAX

- Alternative investment issues
- Compensation, payroll, and employment tax issues, including fringe benefits, deferred compensation, and policy setting to meet the rebuttable presumption process
- Complex group structures, including non-501(c)(3) exempt organizations
- Donor-advised fund planning and reporting
- Estate planning for donors and development department marketing
- For-profit organization formation and operations
- Formation of new entities, including preparation of Forms 1023 and 1024 and associated state filings
- Independent contractor versus employee determinations
- IRS and state audit representation
- Joint venture formation and operation
- Lobbying and political expenditure classification and reporting
- Maintaining tax-exempt status and public charity status
- Member versus nonmember activity issues
- Preparation of Form 990, 990-T, 990-PF, and relevant state forms
- Private foundation planning analysis
- Public support test planning
- Sales and use tax exemptions
- State and local tax services, including credits and incentives
- State solicitation registration and annual filings
- Tax-exempt bond consultation, including private business use and post-issuance bond compliance procedures
- Third-party management agreements and sponsorship planning
- Transfer pricing and expense allocation methodology
- Unrelated business taxable income

Services

We offer a full range of services and specializations that span accounting, consulting, and wealth management to suit your specific needs.

Accounting	Consulting	Wealth Management
ASSURANCE	IT	INDIVIDUAL
Financial Statement Audits	Compliance	Tax
Employee Benefit Plans	Cybersecurity	Financial Planning
Public Company & SEC	Assessment & Planning	Investments
Internal Audit	Development & Integration	Family Office
Outsourced Accounting	STRATEGY & OPERATIONS	INSTITUTIONAL
Contract Compliance	Business Planning	Investments
Sustainability	Performance Audits	Insurance
TAX	Succession Planning	
Accounting for Income Taxes (ASC 740)	TRANSACTIONS	
Accounting Methods	Due Diligence	
Compensation & Benefits	Investment Banking	
Credits & Incentives	M&A Tax	
International	Restructuring	
State & Local	Valuations	
Controversy & Dispute Resolution		
Tax Structuring		
Transfer Pricing		

Insights and Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and is presented in the format that fits your life.

We'll keep you informed to help you stay abreast of critical industry issues.

Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

We also offer CPE webinars and events which are archived and available on demand, allowing you to watch them on your schedule.



Connect With Us

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and is presented in the format that fits your life.



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THANK
YOU

REPORT ITEM

1. **REPORT BY:** Chief Financial Officer David Seward
2. **SUBJECT:** GASB 75 – Post Employment Retirement Benefits – Overview
3. **BACKGROUND:**

The primary objective of the change is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (i.e., retiree health care). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.¹

The scope of GASB 75 is to address accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

Attached is a mock up showing the impact of GASB 75, specifically the restatement of the College's 2017 audited financial statements to recognize a \$40.9 million noncurrent liability representing cumulative retiree health care benefits accrued as of June 30, 2017.

¹ Interperiod equity is a government's obligation to disclose whether current-year revenues were sufficient to pay for current-year benefits, or did current citizens defer payments to future taxpayers, i.e. it refers to whether current-year revenues are sufficient to pay for the services provided that year and whether future taxpayers will be required to assume burdens for services previously provided.

UC HASTINGS
GASB 75 IMPLEMENTATION
FINANCIAL STATEMENT IMPACT

April 20, 2018

	Before GASB 75 College 2017	After GASB 75 College 2017	GASB 75 Impact College 2017	
Assets				
Current Assets	\$ 22,816,608	\$ 22,816,608	\$ -	
Noncurrent Assets	179,330,404	179,330,404	-	
Total Assets	202,147,012	202,147,012	-	
Deferred Outflows of Resources	2,091,000	10,818,000	8,727,000	<< OPEB
Total assets and deferred outflows of resources	\$ 204,238,012	\$ 212,965,012	\$ 8,727,000	
Liabilities				
Current Liabilities	7,035,489	7,035,489	-	
Noncurrent Liabilities:			-	
Retiree health benefits liability, net		40,908,000	40,908,000	
Total Noncurrent Liabilities	57,232,898	98,140,898	40,908,000	
Total Liabilities	64,268,387	105,176,387	40,908,000	
Deferred Inflows of Resources	5,237,000	20,437,000	15,200,000	<< OPEB
Net Position				
Net investment in capital assets	65,438,477	65,438,477	-	
Restricted - Nonexpandable	23,249,304	23,249,304	-	
Restricted - Expandable	31,415,363	31,415,363	-	
Unrestricted				
Total Unrestricted	14,629,481	(32,751,519)	(47,381,000)	<< OPEB
Total Net Position	134,732,625	87,351,625	(47,381,000)	
Total Liabilities and Net Position	199,001,012	192,528,012	(6,473,000)	
Total liabilities, deferred inflows of resources and net position	\$ 204,238,012	\$ 212,965,012	\$ 8,727,000	

	Before GASB 75 College 2017	After GASB 75 College 2017	GASB 75 Impact College 2017	
Total Operating Revenues	\$ 36,567,457	\$ 36,567,457	\$ -	
Total Operating Expenses	56,515,188	58,455,188	1,940,000	<< OPEB
Operating Income (Loss)	(19,947,731)	(21,887,731)	(1,940,000)	
Total NonOperating Revenues / (Exp)	27,095,519	27,095,519	-	
Income/(Loss) before other Changes	7,147,788	5,207,788	(1,940,000)	
Total Changes in Net Position	2,320,081	2,320,081	-	
Increase / (Decrease) in Net Position	9,467,869	7,527,869	(1,940,000)	
Net Position, beginning of year	125,264,756	125,264,756	-	
Cummulative effect of accounting and reporting changes -		(45,441,000)	(45,441,000)	
Net Postion, beg of year - RESTATED	125,264,756	79,823,756	(45,441,000)	
Net Position, end of year	\$ 134,732,625	\$ 87,351,625	\$ (47,381,000)	

Agenda Item *4.3

Audit Subcommittee
May 10, 2018

ACTION ITEM

- 1. REPORT BY:** Chief Financial Officer David Seward
- 2. SUBJECT:** Adjournment to Closed Executive Session Pursuant to Education Code § 92032 (b) (7) Discussion of Management Performance as Related to the Operations of College.

3. RECOMMENDATION:

That the Subcommittee on Audit adjourn to Closed Executive Session.